

Message Text

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PAGE 01 KUWAIT 05852 191409Z
ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-07 AID-05
CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-02
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TO SECSTATE WASHDC 6874
INFO AMEMBASSY ABU DHABI
AMEMBASSY JIDDA
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AMEMBASSY VIENNA

UNCLAS KUWAIT 5852

E.O. 11652: N/A
TAGS: PFOR, ENRG, KU
SUBJECT: KUWAITI PRESS REFLECTS DIVISION OF OPINION ON
OPEC RESULT

1. KUWAIT PRESS OF DECEMBER 19, CONTAINS SEVERAL DIVERSE POINTS
OF VIEW ON MEANING OF THE DOHA OPEC MEETING:
A. THE OFFICIAL KUWAITI VIEW IS CARRIED IN AN AFP SUMMARY
(AL WATAN) WHICH REPORTS THE OIL MINISTRY UNDER SECRETARY AL
ADASANI AS SAYING THAT THE SAUDI REFUSAL TO JOIN THE OPEC MAJORITY
"WILL NOT HAVE ANY EFFECT ON THE SALES OF OTHER MEMBERS STATES OF
OPEC," BUT THAT "PETROLEUM COMPANIES ALONE" WILL BENEFIT FROM THE
DISPUTE OVER PRICING, BECAUSE THEY WILL BUY SAUDI OIL CHEAP AND
SELL IT AT THE PREVAILING HIGHER PRICE. THE UNDERSECRETARY ADDED
THAT KUWAIT WOULD RECEIVE SUBSTANTIALLY INCREASED OIL INCOME.
B. THOSE WHO HAVE SERIOUS DOUBTS ABOUT THE FUTURE SALEABILITY
OF KUWAITI OIL, IN VIEW OF SAUDI PUBLIC STATEMENTS AND SAUDI PRO-
DUCTION CAPABILITIES, WERE REPRESENTED BY THE AL QABAS ECONOMIC
COLUMNIST, WHO THOUGHT THAT THE GOK WOULD "CONSIDER JANUARY
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PAGE 02 KUWAIT 05852 191409Z

A TESTING MONTH FOR THE EMBARRASSING KUWAITI OIL POSITION" SINCE
THE SAUDI DECISION WOULD MAKE SALES OF KUWAITI OIL MORE DIFFICULT.
HE PREDICTED THAT KUWAIT WOULD NOT RAISE THE PRICE OF ITS OIL A
FULL 10 PERCENT, AND HE EXPRESSED CONFIDENCE THAT SAUDI ARABIA
WOULD NOT INCREASE PRODUCTION, WHICH WOULD AGGRAVATE KUWAIT'S
POOR COMPETITIVENESS. FINALLY, HE HOPED THAT IRAN WOULD ADHERE

TO THE FULL 10 PERCENT MARKUP FOR "POLITICAL" REASONS, WHICH WOULD
MAKE THE SIMILAR HEAVY KUWAITI CRUDE MORE COMPETITIVE IN THE
LONG RUN.

C. THOSE WHO VIEW SAUDI OIL STRENGTH AS GIVING THE SAUDIS DE
FACTO CONTROL OVER OIL PRICING WORLD WIDE HAD THEIR VIEWS
REINFORCED BY AN UNNAMED "NON-ARAB" OIL MINISTER IN DOHA WHO
WAS REPORTED (AL SIYASAH) AS SAYING THAT SAUDI ARABIA HAS THE
CAPABILITY TO INCREASE ITS PRODUCTION "FROM 35 TO 58 PERCENT" OF
THE OPEC TOTAL, A STRENGTH WHICH, IN FACT, GIVES THE SAUDIS
"THE RIGHT TO LEAD OPEC" AS IN THE PAST.
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